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Second European EDO Conference Papers

- IWG (EDIC) Activities -

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The following paragraphs summarize the recent and current activities of the Economic Defense Intelligence Committee, formerly the Intelligence Working Group of EDAC. This information is called for under EDO Agenda Item VI, "Research Program" (other than Soviet Trade Trends and Tactics), as listed in ED/EC D-76/1.

1. Change of Name from IWG to EDIC - The IAC approved, effective 26 October 1954, a change in name of the Intelligence Working Group (IWG) to that of Economic Defense Intelligence Committee (EDIC). It was the feeling of members that the name Intelligence Working Group had not adequately reflected either the mission or functions of the group. In addition, at least two other Washington interdepartmental groups are known by the designation - "IWG".

2. Processing of Commodity Papers Used in Security List Review - In May 1954 IWG considered the possibility of a loss to the economic defense community of the intelligence contributed to JOC if an effort were not made to assemble the various "bits and pieces" into a permanent record. It was also suggested that the JOC commodity papers be appraised as to the adequacy of the intelligence content. At a September meeting of EDIC, it was agreed that Executive Committee advice would be sought as to the utility of making an outlay of time

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and effort in the intelligence community either to (a) establish a permanent record of available commodity intelligence used in the list review, or (b) establish such a file and assess its adequacy under criteria which remained to be determined. It has now been agreed that the utility to be derived from such a project cannot be justified in terms of the manhours required. As an alternative to this, the Executive Secretary of EDIC has been instructed to undertake the preparation of a monthly inventory of all projects completed or in process within the intelligence community which are considered directly relevant to the needs of the Economic Defense program.

3. Tracing Movement of Decontrolled Commodities -In July 1954 the EDIC established a subgroup on "Intelligence on Trade in Decontrolled Commodities" to trace the movement of those strategic commodities which were decontrolled during the COCOM security list review. This subgroup was instructed to prepare a list of decontrolled commodities, indicate those items the movement of which should be traced, determine the most feasible method of tracing such movements, and survey capabilities of member agencies for purposes of the project. The military services provided the subgroup with lists of those decontrolled items of particular interest. JOC has now assumed responsibility for preparation of the list and further EDIC action is deferred pending the report of JOC.

This project, it is hoped, will produce information to be used by action agencies in their efforts not only to trace the movement of decontrolled commodities to Soviet destinations, but also to assess the effects of such decontrol on the control program.

4. Intelligence for COCOM Enforcement Program - EDIC study of the feasibility of providing intelligence to COCOM for enforcement purposes was requested by the Executive Committee. Subsequently, EDIC has been

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5. Transmittal of Current Economic Defense Intelligence (Other than Enforcement) to Action Agencies - EDIC is studying the adequacy of support to action agencies in Washington of intelligence of this type. Although it has been ascertained that in general action agencies receive such intelligence on the basis of standard distribution requirements, inquiry is being made as to whether information collected by the armed services is reaching the non-military agencies. It is believed that improvement can be effected in this respect to insure maximum use of the information now being collected by the armed services.

6. Differential China Controls - Study on this problem is going forward on several levels within the intelligence community. The Far Eastern Economic Defense Working Group of EDAC has decided that: State would request the IAC to initiate an NIE which would cover a certain aspect of the Communist China trade controls problem; ED/EC D-72 on "Sino-Soviet Economic Relations" is considered adequate terms of reference insofar as Sino-Soviet economic relations are concerned; and CIA and OIR representatives would meet with a FEEDWG drafting group to consider the Soviet satellite - Nonbloc aspects. It may develop that certain questions will be forwarded to EDIC for intelligence support.

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7. Program for Study of Soviet Trade Tactics - The intelligence community (and the EDIC) has recently been called upon to provide intelligence analyses on the significance of Soviet offers of strategic materials to the West and the implications of the "New Course" in the domestic economies of the several countries of the Soviet bloc. Also, the Consultative Group [REDACTED] has agreed that it would be desirable to devote increased attention to the detection and analysis of any changes in Soviet trade tactics generally. As early as September 1953 the EDIC considered this problem and in May 1954 circulated a bibliography of 45 articles on changing Soviet trade and economic policy. An EDIC report appraising the significance of Soviet offers to the West of manganese, chrome, platinum and palladium was furnished to EDAC for use in the CG discussions. Through the aegis of EDIC, a CIA study on the availability of consumer goods in the Soviet bloc was provided to the Executive Committee. More recently, EDIC assistance in the preparation of additional papers to be tabled in CG has been requested. Specifically, CIA was requested through the EDIC to assist in the production of papers on "Soviet Bloc Participation in Trade Fairs" and "Soviet Bloc Exporting of Petroleum."

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8. External Financial Operations of the Soviet Bloc - An EDIC subgroup was established in April 1953 to study and report upon the need for and the availability and adequacy of intelligence in this field. A comprehensive report on this subject was submitted to the Executive Committee in March 1954. This report, with certain agencies dissenting, conveyed the EDIC recommendation that a unit be made responsible for coordinating the review, collation and analysis of intelligence on this subject. ONI has also pointed up the urgency more thorough exploitation of the technique of [REDACTED]

25X1B 9. MDAC Intelligence Requirements for [REDACTED] Data - 25X1B

Discussions regarding maximizing Washington utilization of [REDACTED] data collected in various forms have been held under EDIC auspices. It is now agreed that this is no longer a major problem since ONI has resumed publication of its [REDACTED] reports and stands ready to supply on an ad hoc basis the current needs of MDAC in this field. CIA assists in this support to MDAC by obtaining from ONI additional intelligence to support enforcement operations in CIA and by furnishing ONI with additional CIA information.

25X1B 10. OIR Economic Defense Staffing Program - An Executive Committee document, "Proposed FY 1955 OIR Economic Defense Staffing Program," outlined a program under which OIR expects to improve research in support of the economic defense program. Among the provisions of the proposed plan are those which specify that project requests from EDAC agencies would normally be initiated through the EDIC and that project contributions would be referred to the EDIC for review and comment. The EDIC has approved this proposal in principle. The intelligence community is to have the opportunity to review those OIR contributions to MDAC which reach the Executive Committee level.

11. Programming for Economic Defense Intelligence Requirements - The Second Annual Progress Report of the IWG (now EDIC) called attention to the substantial improvement which could be effected in intelligence support if the Executive Committee would undertake, in collaboration with the EDIC, advance programming and planning of EDAC intelligence needs. In this connection, an ad hoc committee has been established under chairmanship of a Department of State representative, to formulate research requirements on the basis of a report entitled "Soviet Economic Trends and Their Implications for East-West Trade," prepared by an FOA consultant. The

12. Soviet Procurement of Copper Wire - Recent large Soviet orders for copper wire, following its decontrol, have led to discussions as to the advisability of recontrolling this commodity. EDIC is currently engaged, peripherally, in assisting coordination of the production of intelligence on the significance of these Soviet orders.

13. Production and Uses of Indium - MDAC has requested EDIC to produce an intelligence study on Soviet bloc and Western European production and uses of Indium. The Soviet bloc has attempted to procure this item for which new uses of a highly strategic character, particularly in aircraft, have been developed. Intelligence produced will be used by action agencies in determining whether this commodity should be made subject to US. and COCOM trade controls.

14. Transmittal of Action Intelligence to Diversion Control Net -

The EDIC continues to serve as the official channel through which current enforcement intelligence prepared in CIA is distributed. These intelligence disseminations cover generally the diversion of strategic commodities to Soviet bloc destinations, [REDACTED]

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Executive Secretary, EDIC